

December 27, 2017

**VIA ELECTRONIC DELIVERY**

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29210

RE: Docket No. 2017-305-E-Request of the Office of Regulatory Staff for Rate Relief to South Carolina Electric & Gas Company's Rates Pursuant to S.C. Code Ann. § 58-27-920

Dear Ms. Boyd:

By letter dated November 20, 2017, the South Carolina Office of Regulatory Staff ("ORS") filed a letter with the Public Service Commission of South Carolina ("Commission") providing ORS's preliminary list for stabilization and protection of the site containing V.C. Summer Units 2 and 3 and suggesting that the Commission have South Carolina Electric & Gas Company ("SCE&G" or "Company") respond to the ORS's November 20 letter and "explain why there is no violation of S.C. Code Ann. § 58-27-1300." By Order No. 2017-716, issued in the above-referenced docket, the Commission granted the ORS's request and ordered SCE&G to respond to the ORS letter and explain why there is no violation of S.C. Code Ann. § 58-27-1300.

S.C. Code Ann. § 58-27-1300 provides that an electric utility must first obtain Commission approval prior to selling, assigning, transferring, leasing, consolidating, or merging utility property with a fair market value greater than \$1 million. Utility property is defined as "property used and useful to provide customers with electric service and which has been properly included in the electric utility's rate base, including construction work in progress or property held to serve future customers." To date, SCE&G has simply abandoned construction of the V.C. Summer Units 2 and 3; it has not sold, assigned, transferred, leased, consolidated, or merged any utility property with a fair market value greater than \$1 million. As such, SCE&G has not violated S.C. Code Ann. § 58-27-1300. To the extent that SCE&G takes any such action to sell, assign, transfer, lease, consolidate, or merge any utility property with a fair market value greater than \$1 million, it will seek appropriate Commission approval.<sup>1</sup>

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<sup>1</sup> On December 21, 2017, Georgia Power contacted SCE&G to inquire whether the Company would be willing to sell certain components from the abandoned V.C. Summer construction site. SCE&G is evaluating Georgia Power's request and will make a decision by December 31, 2017. If SCE&G decides to sell any components from the site with a fair market value in excess of \$1 million, then the Company will seek to obtain the necessary Commission approval prior to disposing of the components.

One unique situation bears mention here. At an executive meeting on June 22, 2017, SCE&G, Westinghouse Electric Company ("Westinghouse") and State Nuclear Power Technology Corporation ("SNPTC") agreed that Westinghouse could transfer the existing Reactor Coolant Pump SN508, originally planned for use at the V.C. Summer site, to SNPTC to support its Haiyang Unit 2 project and that Westinghouse and SNPTC would work together to ensure the transfer had no impact on the SCE&G V.C. Summer Unit 3 schedule and costs. Westinghouse also had the full risk of loss for the full replacement cost until the replacement pump was delivered and accepted by SCE&G. On August 31, 2017, and as a result of its decision to abandon construction of V.C. Summer Units 2 and 3, SCE&G informed Westinghouse that it no longer had a need for the replacement reactor coolant pump and that it would coordinate with Westinghouse and/or SNPTC to obtain a reimbursement for the value of the reactor coolant pump transferred to the Haiyang Project. The amount to be reimbursed for the reactor coolant pump is \$14,526,534; SCE&G has not yet accepted reimbursement but is ready to do so. Westinghouse had attempted to claim that it owned the reactor coolant pump because SCE&G has not yet paid 100% of the purchase price for this equipment but recently abandoned that argument. Based upon the foregoing, SCE&G hereby asks that the Commission approve SCE&G's acceptance of the reimbursement amount for the reactor coolant pump transferred to SNPTC.

If you have any questions, please advise.

Very truly yours,



K. Chad Burgess

KCB/kms

cc: Dawn Hipp  
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The Honorable Alan Wilson, Attorney General  
(all via electronic mail and First Class U.S. Mail)

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